

Message Text

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ACTION EA-09

INFO OCT-01 AF-10 ARA-14 EUR-12 NEA-10 ISO-00 FEA-01
ERDA-07 AID-05 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00
NSC-05 OMB-01 PM-05 USIA-15 OES-07 SP-02 SS-15
STR-04 TRSE-00 ACDA-10 PA-02 PRS-01 /163 W
-----082268 050057Z /73

R 040705Z AUG 77
FM AMEMBASSY JAKARTA
TO SECSTATE WAHSDC 2907
INFO AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
US INT BAGHDAD 0048
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY DHAHHRAN
AMEMBASSY JIDDA
AMCONSUL HONG KONG
AMEMBASSY KUALA LUMPUR
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMCONSUL MEDAN
AMEMBASSY PARIS
AMEMBASSY QUITO
AMEMBASSY SINGAPORE
AMCONSUL SURABAYA
AMEMBASY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA

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USEEC

USOECD, ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ENRG, ID
SUBJ: INDONESIA BECOMES LNG PRODUCER

REF: A) A-75 OF 21 JUNE 77 (NOTAL), B) JAKARTA 6397 (NOTAL)

1. INDONESIA HAS JOINED RANKS OF LNG PRODUCERS. AT CEREMONY HELD AUGUST 1, PRESIDENT SUHARTO OFFICIALLY DEDICATED \$680 MILLION PERTAMINA/ROY M. HUFFINGTON (HUFFCO) FACILITY LOCATED AT BONTANG, EAST KALIMANTAN. THE NEW FACILITY WILL PROCESS GAS FROM NERABY BADAK FIELD WHICH WAS DEVELOPED BY HUFFCO UNDER TERMS OF PRODUCTION-SHARING CONTRACT WITH PERTAMINA. BECHTEL WAS PRIME CONTRACTOR FOR LNG FACILITY WHICH HAS COMBINED PROCESSING CAPACITY FROM TWO TRAINS OF 530,000 MMSCF/DAY. SECOND GAS TRAIN SCHEDULED TO BE OPERATIONAL LATER THIS YEAR.

2. PRESIDENT, IN HIS INAUGURAL SPEECH, NOTED THAT INDONESIA WAS ENTERING NEW ERA IN FIELD OF NATURAL RESOURCES MANAGEMENT. HE CALLED DIVERSIFICATION OF ENERGY RESOURCES "A MUST" AND STATED THAT DEVELOPMENT OF COAL, GEOTHERMAL AND SOLAR ENERGY MUST BE DEVELOPED AS ALTERNATIVES TO OIL. PRESIDENT ALSO EXPRESSED APPRECIATION TO JAPANESE FOR PROVIDING LOANS TO COVER COSTS OF CONSTRUCTION. HE NOTED THAT LOANS OF THIS TYPE DO NOT REPRESENT "A SELLING OUT OF OUR COUNTRY" BUT INSTEAD ARE NECESSARY TO ENABLE GOI TO ACCELERATE ITS DEVELOPMENT DRIVE.

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3. OUTPUT FROM BADAK LNG PROJECT IS DEDICATED TO JAPANESE END-USERS UNDER TERMS OF TWENTY YEAR SALES CONTRACT BETWEEN PERTAMINA AND FIVE JAPANESE UTILITY COMPANIES. GAS WILL BE DELIVERED TO JAPAN VIA 125,000 CU. MT. CRYOGENIC LNG VESSELS BUILT BY GENERAL DYNAMICS UNDER TERMS OF TRANSPORTATION AGREEMENT BETWEEN PERTAMINA AND BURMAH TANKERS. ENERGY TRANSPORTATION INC. OF NEW YORK WILL OPERATE AMERICAN-FLAG VESSELS. FIRST VESSEL, "AQUARIUS", WAS PRESENT AT TERMINAL BUT DID NOT LOAD AT TIME OF CEREMONY, FIRST SHIPMENT TO JAPAN SHOULD BE LOADED AND LEAVE BONTANG IN ABOUT FIVE DAYS.

4. COMMENT: THERE IS GOOD CHANCE THAT PROJECT WILL BE EXPANDED TO INCLUDE TWO ADDITIONAL TRAINS AT SOME FUTURE DATE. HUFFCO PEOPLE BELIEVE THAT GAS RESERVES AT BADAK ARE SUFFICIENT AND THAT JAPANESE MARKET WILL REQUIRE MORE LNG ENERGY BY END OF DECADE.

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Message Attributes

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Sent Date: 04-Aug-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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